

Message Text

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ACTION EUR-12

INFO OCT-02 IO-13 ISO-00 PM-05 SP-02 SS-15 NSCE-00
SSO-00 CIAE-00 INR-07 NSAE-00 INRE-00 TRSE-00
OMB-01 AID-05 IGA-02 L-03 EB-08 /074 W
-----003115 251343Z /45

O R 251300Z JAN 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC IMMEDIATE 0410
INFO USMISSION GENEVA
SECDEF WASHDC
DEFENSE SECURITY ASSISTANCE AGENCY WASHDC
CINCEUR

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GENEVA FOR NIMETZ

E.O. 11652: N/A
TAGS: MASS, TU
SUBJECT: DELINQUENT REPAYMENTS OF FMS FINANCING LOANS

REF: A. STATE 19746 (DTG 250243Z JAN 78) (NOTAL),
B) ANKARA 469 (DTG 190840Z JAN 78) (NOTAL)

1. SINCE DISCUSSION REPORTED REF A, WE HAVE HAD SEVERAL CONTACTS WITH YAVUZ CANEVI, CENTRAL BANK DIRECTOR-GENERAL FOR FOREIGN EXCHANGE, REGARDING FMS ARREARAGES. CANEVI ASKED US IN PARTICULAR WHETHER THERE IS CREDIT ARRANGEMENT WITH NATIONAL BANK OF DETROIT (NBD), AND WHETHER COMMERCIAL BANK CROSS-DEFAULT PROVISIONS WOULD APPLY IN EVENT OF LATE PAYMENTS TO USG FOR FMS LOANS OR FOR LOAN TO NBD, WHICH HE THOUGHT WAS ASSOCIATED WITH FMS.

2. DEPARTMENT MAY BE AWARE THAT MISSION DOES NOT HOLD TEXTS OF LOAN AGREEMENTS CONCLUDED WITH TURKISH EMBASSY REPRESENTATIVES
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IN WASHINGTON NOR DO WE HAVE INFORMATION CONCERNING FMS CREDIT ARRANGEMENTS WITH U.S. COMMERCIAL BANKS ON SPECIFIC FMS LOANS TO GOT. IN LIGHT OF REF B, WE WOULD APPRECIATE INFORMATION ON FOLLOWING POINTS: (A) WHAT ARE SPECIFIC CREDIT ARRANGEMENTS WITH U.S. COMMERCIAL BANKS ON FMS LOANS CURRENTLY IN ARREARS; (B) WHAT CATEGORIES OF EQUIPMENT (E.G.,(*-4'S) ARE COVERED BY THESE LOAN AGREEMENTS; (C) ARE THERE

CROSS-DEFAULT CLAUSES IN FMS CREDIT AGREEMENTS WITH COMMERCIAL BANKS AND WOULD THESE APPLY TO GOT LOANS WITH U.S. COMMERCIAL BANKS NOT REPEAT NOT COVERED BY DOD GUARANTEE; AND (D) WHAT EFFECT WOULD GOT PARTIAL PAYMENT HAVE ON THE APPLICATION OF DEFAULT AND CROSS-DEFAULT PROVISIONS OF DOD-GUARANTEED LOANS WITH COMMERCIAL BANKS? IF POSSIBLE, WE WOULD LIKE TO HAVE SPECIFIC WORDING OF DEFAULT AND CROSS-DEFAULT PROVISIONS SO THAT WE CAN PROVIDE CANEVI WITH FULL AND ACCURATE INFORMATION.

3. CANEVI HAS TOLD US THAT CENTRAL BANK, AT DIRECTION OF MINISTER OF FINANCE, IS URGENTLY SEEKING FUNDS TO MAKE REPAYMENTS BUT, FROM CONVERSATIONS WITH HIM IN PAST FEW DAYS, THERE SEEMS TO BE SOME CONFUSION IN GOT CONCERNING PRECISE DETAILS OF CREDIT ARRANGEMENTS. IN THIS CONTEXT, WE BELIEVE TURKISH EMBASSY SHOULD BE PROVIDING INFORMATION REQUESTED IN PARA 2 ABOVE, TO ANKAR BUT WE WOULD APPRECIATE RECEIVING AS FULL INFORMATION AS POSSIBLE TO FACILITATE OUR CONTACTS WITH CANEVI.
SPIERS

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Message Attributes

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Draft Date: 25 jan 1978
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Disposition Approved on Date:
Disposition Case Number: n/a
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